

## The Labour Process Theory Down Under in New Zealand

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## Outline

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- LPT history
- Contemporary business environment
- A NZ perspective
- LPT & management accounting
- Conclusion



## The Labour Process Theory Down Under in New Zealand

### Introduction

- Now into the 21<sup>st</sup> century
- Historical economic boom followed by global financial crisis
- Internally & externally generated crises (Riahi-Belkaoui, & Jones, 2002)
- Is the labour process theory (LPT) a historical cost accounting development of social & political factors of the time?
- Or relevant with changing business environment



## The Labour Process Theory Down Under in New Zealand

### Introduction

- This paper discusses the relevance of LPT today with emphasis on NZ
- Historical perspective of LPT & management accounting
- McDonaldisation & employing offshore labour = commodification of work force prevalent today
- Shift from “managerial capitalism to institutional capitalism” (Riahi-Belkaoui, & Jones, 2002, p. 521)
- Consider LPT still relevant in contemporary management accounting



## LPT history briefly

- Inspired by Karl Marx (Hassard, Hogg, & Rowlinson, 2001)
- Organisational control systems to increase production efficiency & for capitalists to exploit labour (Loft, 1995)
- Efficiency from intensification of labour (Clawson, 1980)
- Knowledge shift from production worker to management (deskilling) (Braverman, 1974; Loft, 1995)
  - Element of subordination & discipline



## LPT history briefly

- Scientific management principles of Taylor = splitting production process up into simplest elements
- Workers unaware of full production process
- Specialised tasks & close supervision improved efficiency (Kitay, 1997)
- Homogenisation of labour
- Semi skilled labour required rather than skilled. Easily replaceable



## LPT history briefly

- Accounting changes brought costs more easily measured
- Knowledge of costs provided tool to control labour (Loft, 1995)
- Standard costs an example of control of scientific management movement
- Multiactivity organisations required evaluation of productivity & management performance, hence budgets, ROI, & stock turnover rates (Hopper & Armstrong, 1991)



## LPT history briefly

- LPT research provided critical perspectives on trends in workplace developments & various phases of writing
- Need to consider domestic & international economic environment (Talha, Raja, & Seetharaman, 2010)



## Contemporary Business Environment

- Capital is connection between accounting & labour process (Carter & Tinker, 2006)
- Capital requires labour (Toms, 2010)
- Global financial crises provided a shortage of capital (Bollard, 2010)
- Consequences: downsizing, restructuring, globalisation, information technology, & new dimension of labour process



## Contemporary Business Environment

- Retasking, lower level tasks absorbed into professional/manager's role without increase in salary
- Extra work & longer hours, blurring work & family boundaries (Runte & Runte, 2010)
- A management strategy to cheapen & control labour to provide adequate rates of return for capitalist owners (Rowlinson, Toms, & Wilson, 2006)



## Contemporary Business Environment

- McDonaldisation = surplus value from exploiting labour & customers (Wu, 2009)
- Minimise labour costs ie McJobs = temporary, non skilled, homogenous, tedious, fragmented (high turnover rate) v. full time, permanent
- Customers = self service
- As nature of work changes, new instruments used to control & exploit labour
- Call centres of 1990s = control & regimentation of clerical labour (Rose, 2002)



## A New Zealand Perspective

- Until 1991, trade union protection, then employment contract, & power dependent on economic factors (Crawford & Harbridge, 1998)
- 2000 – 2008 high growth, low unemployment, rising salaries, job seekers dictating terms
- Unemployment now risen (Russell, 2009), control shifted back to employers
- Introduction of 90 day work trial, March 2009, reduced employee power



## A New Zealand Perspective

- Off shoring for cheaper labour costs
  - Compliance & labour costs (MacDonald, 2005)
- Eg Fisher & Paykel's relocation to Thailand 2005
- Fisher & Paykel needed to compete, hence demonstration of labour to be bought and sold like commodity as factor of production (Bryer, 2006)



## Labour Process Theory and Management Accounting

- Business information revolution happening, driven by new management concepts
- Accountants provide the information (Dye, 2001)
- "Accounting... provides an objective framework within which all other control systems and realities are subsidiary and subservient" (Bryer, 2006, p. 3)



## Labour Process Theory and Management Accounting

- Labour not treated as fixed, rather a discretionary variable overhead
- More unemployment and temporary require remaining to work harder & smarter (Cooper & Hopper, 2006)
- Functions of management accounting to provide control over subordinates (Cooper & Hopper, 2006)
- Previously through engineering & personnel, now through accounting (Roslender, 1992)



## Conclusion

- Labour continues to be de-skilled and exploited and now extends to the customer
- NZ examples include market policy changes (90 day bill) & off shoring (F & P)
- Management accounting seen as the means of control to support capitalist's income & wealth
- There are varying 'waves' of LPT and apparent in the manufacturing and now the service industries



## Conclusion

- In this era of the 'knowledge age', will the increased knowledge lead to a rebellion of labour process controls and increased union activity?

